



HEALTH POLICY COMMISSION

Bulletin 2013-01: Interim Guidance for Providers and Provider Organizations Relative to Notice of Material Change; Issued 03/12/13

BULLETIN 2013-01

To: Providers and Provider Organizations proposing to make a material change to their operations or governance structure

From: David M. Seltz, Executive Director, Health Policy Commission

Date: March 12, 2013

Re: Interim Guidance for Providers and Provider Organizations Relative to Notice of Material Change

The new Massachusetts health care reform law, Chapter 224 of the Acts of 2012, became effective on November 4, 2012. Chapter 224 establishes, in chapter 6D of the General Laws, a new independent state agency, the Health Policy Commission (“Commission”) to, in part, monitor and review the impact of changes within the health care marketplace. Beginning January 1, 2013, a provider or provider organization must provide notice to the Commission before making any material change to its operations or governance structure. The Commission shall conduct a preliminary review of the notice to determine whether the proposed change is likely to have a significant impact on the commonwealth’s ability to meet the health care cost growth benchmark, or on the competitive market. If the Commission so determines, the Commission may conduct a cost and market impact review of the proposed material change to the provider or provider organization.

Interim Guidance

Section 13 of Chapter 6D became effective on January 1, 2013 and requires the Commission to adopt regulations for conducting cost and market impact reviews and for administering this process. Pending the adoption of final regulations, the Commission issues the following guidance to providers and provider organizations regarding the statutory requirement to submit notice to the Commission of any proposed material change. The purpose of the Interim Guidance is to provide direction with respect to the types of organizational or operational changes that are subject to the notice requirement as well as the form and content of the notice.

It is important to note that the Commission’s final regulations on notice of material change will supersede the requirements of the Interim Guidance. Accordingly, the final regulations may differ from the Interim Guidance and any reporting form adopted by the Commission in connection with such regulations may likewise differ in form and content.

Pending adoption of final regulations, the following requirements will be in effect:

1. Any provider or provider organization with \$25 million in net patient service revenue or more in the preceding fiscal year proposing a material change to its operations or governance structure that has not been finalized as of March 12, 2013 must file notice with the Commission not less than 60 days before the effective date of the proposed change.
 - a. A “provider” is any person, corporation, partnership, governmental unit, state institution or any other entity qualified under the laws of the commonwealth to perform or provide health care services.
 - b. A “provider organization” is any corporation, partnership, business trust, association or organized group of persons, which is in the business of health care delivery or management, whether incorporated or not that represents 1 or more health care providers in contracting with carriers for the payments of health care services; provided, that “provider organization” shall include, but not be limited to, physician organizations, physician-hospital organizations, independent practice associations, provider networks, accountable care organizations and any other organization that contracts with carriers for payment for health care services.
 - c. “Net patient service revenue”, is the total revenue received for patient care from any third party payer net of any contractual adjustments.
 - i. For hospitals, net patient service revenue should be as reported to the Center for Health Information and Analysis under section 8 of chapter 12D of the General Laws.
 - ii. For other providers or provider organizations, net patient service revenue shall include the total revenue received for patient care from any third party payer net of any contractual adjustments, including 1) prior year third party settlements and 2) premium revenue, which means per-member-per-month amounts received from a third party payer to provide comprehensive health care services for that period, for all providers represented by the provider or provider organization in contracting with carriers, for all providers represented by the provider or provider organization in contracting with third party payers.
 - d. A material change is considered finalized when the proposed transaction has been consummated or closed.
2. The following transactions shall be considered a “material change” and shall require the provider or provider organization with \$25 million in net patient service revenue or more in the preceding fiscal year to provide notice of:
 - a. a merger or affiliation with a carrier;

- b. an acquisition of or acquisition by a carrier;
 - c. a merger with or acquisition of or by a hospital or a hospital system;
 - d. any other acquisition, merger or affiliation with another provider or provider organization where such acquisition, merger or affiliation would result in an increase in annual net patient service revenue of the provider or provider organization of \$10 million or more.
 - e. any clinical affiliation with another provider or provider organization which itself has an annual net patient service revenue of \$25 million or more in the preceding fiscal year; and
 - f. any formation of a partnership, joint venture, common entity, accountable care organization, or parent corporation created for the purpose of contracting on behalf of one or more provider or provider organizations.
3. For purposes of this Interim Guidance:
- a. “Carrier”, is an insurer licensed or otherwise authorized to transact accident or health insurance under MGL chapter 175; a nonprofit hospital service corporation organized under MGL chapter 176A; a nonprofit medical service corporation organized under MGL chapter 176B; a health maintenance organization organized under MGL chapter 176G; and an organization entering into a preferred provider arrangement under MGL chapter 176I; provided, that this shall not include an employer purchasing coverage or acting on behalf of its employees or the employees of 1 or more subsidiaries or affiliated corporations of the employer; provided that, unless otherwise noted, the term “carrier” shall not include any entity to the extent it offers a policy, certificate or contract that provides coverage solely for dental care services or visions care services.
 - b. Acquisition includes a license substitution, standard asset purchase or a troubled asset purchase.
 - c. Acquisition and affiliation do not include employment of or granting hospital admitting privileges to an individual licensed provider.
 - d. Merger includes two or more organizations merging or two or more organizations joining through a common parent organization, but does not include a related party merger into a sole member parent or a corporate re-organization within an existing provider or provider organization
4. Providers and provider organizations should provide notice on the attached **Notice of Material Change** form. Only the provider or provider organization which had annual net patient service revenue of \$25 million or more in the preceding fiscal year should submit a Notice of Material Change form.
5. The **Notice of Material Change** shall be submitted electronically to the following:

Health Policy Commission
Two Boylston Street, 6th Floor
Boston, MA 02116
HPC-Notice@state.ma.us

Center for Health Information and Analysis
Two Boylston Street, 5th Floor
Boston, MA 02116
CHIA-Legal@state.ma.us

Office of the Attorney General
Health Care Division
One Ashburton Place
Boston, MA 02108
HCD-6D-NOTICE@state.ma.us

6. Providers and provider organizations are advised that the Notice of Material Change and any supporting or supplemental information submitted in connection with such Notice of Material Change are public records under section 10 of chapter 66.
7. If the information provided in the Notice of Material Change is incomplete or if the Commission requires clarification of the information submitted in the Notice of Material Change to make its determination, the Commission may require the notifying provider or provider organization to submit such supplemental information within 30 days of receipt of the initial Notice of Material Change.
8. The Commission will notify each notifying provider or provider organization of a determination to proceed with a cost and market impact review within 30 days of its receipt of a completed Notice of Material Change and receipt of all required supplemental information.

HEALTH POLICY COMMISSION NOTICE OF MATERIAL CHANGE FORM

**Health Policy Commission
Two Boylston Street
6th Floor
Boston, MA 02116**

GENERAL INSTRUCTIONS

The attached form should be used by a provider or provider organization to provide a notice of material change ("Notice") to the Health Policy Commission ("Commission"), as required under § 13 of M.G.L. c. 6D. To complete the Notice, it is necessary to read and comply with Bulletin 2013-1 issued by the Commission, **Interim Guidance for Providers and Provider Organizations Relative to Notice of Material Change to the Health Policy Commission ("Interim Guidance")**. The Interim Guidance may be obtained on the Commission's website at www.mass.gov/anf/hpc. For further assistance, please contact the Health Policy Commission at HPC-Notice@state.ma.us. This form is subject to statutory and regulatory changes that may take place from time to time.

WHO NEEDS TO FILE

This Notice should be submitted by any provider or provider organization with \$25,000,000 in net patient service revenue or more in the preceding fiscal year that is proposing a material change, as defined by the Interim Guidance. Notice must be filed with the Commission not fewer than 60 days before the effective date of the proposed change.

SUBMISSION OF NOTICE

One electronic copy of the Notice, in a portable document form (pdf), should be submitted to the following:

Health Policy Commission
HPC-Notice@state.ma.us

Office of the Attorney General
HCD-6D-NOTICE@state.ma.us

Center for Health Information and Analysis
CHIA-Legal@state.ma.us

PRELIMINARY REVIEW AND NOTICE OF COST AND MARKET IMPACT REVIEW

If the information provided in the Notice is incomplete or if the Commission determines clarification of the information submitted is needed to make its decision, the Commission may require the notifying organization to submit such supplemental information within 30 days of receipt of the initial Notice.

The Commission will notify each notifying organization of its decision to proceed with a cost and market impact review within 30 days of its receipt of a completed Notice and all necessary supplemental information.

PUBLIC DISCLOSURE

Pursuant to Bulletin 2013-1 issued by the Commission, all information collected by the Commission in connection with a Notice shall be deemed to be a public record.

NOTICE OF MATERIAL CHANGE

Date of Notice: _____

1.	Name:	
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2.	Federal TAX ID #	MA DPH Facility ID #	NPI #
	000-000-0000	0000	000000000

	Contact Information					
3.	Business Address 1:					
4.	Business Address 2:					
5.	City:		State:		Zip Code:	
6.	Business Website:					
7.	Contact First Name:		Contact Last Name:			
8.	Title:					
9.	Contact Phone:		Extension:			
10.	Contact Email:					

	Description of Organization
11.	<i>Briefly</i> describe your organization.

	Type of Material Change
12.	Check the box that most accurately describes the proposed material change:
	<div style="border: 1px solid black; padding: 10px;"><ul style="list-style-type: none"><input type="checkbox"/> Merger or affiliation with a carrier<input type="checkbox"/> Acquisition of or acquisition by a carrier<input type="checkbox"/> Merger with or acquisition of or by a hospital or a hospital system<input type="checkbox"/> Any other acquisition, merger, or affiliation with another provider organization where such acquisition, merger, or affiliation would result in an increase in annual net patient service revenue of the provider or provider organization of more than \$10,000,000<input type="checkbox"/> Any clinical affiliation with another provider or provider organization which itself has an annual net patient service revenue of more than \$25,000,000<input type="checkbox"/> Formation of a partnership, joint venture, common entity, accountable care organization, or parent corporation created for the purpose of contracting on behalf of more than one provider or provider organizations</div>
13.	What is the proposed effective date of the proposed material change?

Material Change Narrative	
14.	Briefly describe the nature and objectives of the proposed material change:
15.	Briefly describe the anticipated impact of the proposed material change:

Development of the Material Change	
16.	Describe any other material changes you anticipate making in the next 12 months:
17.	Indicate the date and nature of any applications, forms, notices or other materials you have submitted regarding the proposed material change to any other state or federal agency:

Affidavit of Truthfulness and Proper Submission

I, the undersigned, certify that:

1. I have read the Health Policy Commission Bulletin 2013-1, **Interim Guidance for Providers and Provider Organizations Relative to Notice of Material Change to the Health Policy Commission**.
2. I have read this Notice of Material Change and the information contained therein is accurate and true.
3. I have submitted the required copies of this Notice to the Health Policy Commission and to all relevant agencies (see below*) as required.

Signed on the _____ day of _____, 20____, under the pains and penalties of perjury.

Signature: _____

Name: _____

Title: _____

FORM MUST BE NOTARIZED IN THE SPACE PROVIDED BELOW:

Notary Signature

*Copies of this application have been submitted electronically as follows:

Office of the Attorney General (1)

Center for Health Information and Analysis (1)

EXPLANATIONS AND DEFINITIONS

1.	Name	Legal business name as reported with the Internal Revenue Service. This may be the parent organization or local provider organization name.
2.	Federal TAX ID #	9-digit federal tax identification number also known as an employer identification number (EIN) assigned by the Internal Revenue Service.
	MA DPH Facility ID #	If applicable, Massachusetts Department of Public Health Facility Identification Number.
	National Provider Identification Number (NPI)	10-digit National Provider identification number issued by the Centers for Medicare and Medicaid Services (CMS). This element pertains to the organization or entity directly providing service.
3.	Business Address 1	Address location/site of applicant
4.	Business Address 2	Address location/site of applicant continued, often used to capture suite number, etc.
5.	City, State, Zip Code	Indicate the City, State, and Zip Code for the provider organization as defined by the US Postal Service.
6.	Business Website	Business website URL
7.	Contact Last Name, First Name	Last name and first name of the primary administrator completing the registration form.
8.	Title	Professional title of the administrator completing the registration form.
9.	Contact Telephone and Extension	10-digit telephone number and telephone extension (if applicable) for administrator completing the registration form
10.	Contact Email	Contact email for administrator
11.	Description of Organization	Provide a brief description of the notifying organization's ownership, governance, and operational structure, including but not limited to provider type (acute hospital, physician group, skilled nursing facilities, independent practice organization, etc.), number of licensed beds, ownership type (corporation, partnership, limited liability corporation, etc.), service lines and service area(s).
12.	Type of Material Change	<p>Indicate the nature of the proposed material change.</p> <p><i>Definitions of terms:</i> "Carrier", an insurer licensed or otherwise authorized to transact accident or health insurance under chapter 175; a nonprofit hospital service corporation organized under chapter 176A; a nonprofit medical service corporation organized under chapter 176B; a health maintenance organization organized under chapter 176G; and an organization entering into a preferred provider arrangement under chapter 176I; provided that this shall not include an employer purchasing coverage or acting on behalf of its employees or the employees of 1 or more subsidiaries or affiliated corporations of the employer; provided that, unless otherwise noted, the term "carrier" shall not include any entity to the extent it offers a policy, certificate or contract that provides coverage solely for dental care services or</p>

		<p>visions care services.</p> <p>“Hospital”, any hospital licensed under section 51 of chapter 111, the teaching hospital of the University of Massachusetts Medical School and any psychiatric facility licensed under section 19 of chapter 19.</p> <p>“Hospital System”, a group of affiliated entities that includes one or more hospitals that are overseen by a common entity or parent corporation.</p> <p>“Net patient service revenue”, total revenue received for patient care from any third party payer net of any contractual adjustments.</p> <p>“Provider”, any person, corporation, partnership, governmental unit, state institution or any other entity qualified under the laws of the commonwealth to perform or provide health care services.</p> <p>“Provider organization”, any corporation, partnership, business trust, association or organized group of persons, which is in the business of health care delivery or management, whether incorporated or not, that represents 1 or more health care providers in contracting with carriers for the payments of health care services; provided, that “provider organization” shall include, but not be limited to, physician organizations, physician-hospital organizations, independent practice associations, provider networks, accountable care organizations and any other organization that contracts with carriers for payment for health care services.</p>
13.	Proposed Effective Date of the Proposed Material Change	Indicate the effective date of the proposed material change. NOTE: The effective date may not be fewer than 60 days from the date of the application notice.
14.	Description of the Proposed Material Change	Provide a brief narrative describing the nature and objectives of the proposed material change. Include organizational charts and other supporting materials as necessary to illustrate the proposed change in ownership, governance or operational structure.
15.	Impact of the Proposed Material Change	<p>Provide a brief description of any analysis conducted by the notifying organization as to the anticipated impact of the proposed material change including, but not limited to, the following factors, as applicable:</p> <ul style="list-style-type: none"> • Costs • Prices, including prices of the provider or provider organization involved in the proposed merger, acquisition, affiliation or other proposed material change • Utilization • Health status adjusted total medical expenses • Market Share • Referral Patterns • Payer Mix

		<ul style="list-style-type: none"> • Service Area(s) • Service Line(s) • Service Mix
16.	Future Planned Material Changes	Provide a brief description of the nature, scope and dates of any pending or planned material changes to ownership, governance, or operations within the 12 months following the date of the notice.
17.	Submission to Other State or Federal Agencies	Indicate the date and nature of any other applications, forms, notices or other materials provided to other state or federal agencies relative to the proposed material change, including but not limited to the Department of Public Health (<i>e.g.</i> , Determination of Need Application, Notice of Intent to Acquire, Change in Licensure), Massachusetts Attorney General (<i>e.g.</i> , notice pursuant to G.L. c. 180, §8A(c)), U.S. Department of Health and Human Services (<i>e.g.</i> , Pioneer ACO or Medicare Shared Savings Program application) and Federal Trade Commission/Department of Justice (<i>e.g.</i> , Notification and Report Form pursuant to 15 U.S.C. §18a).